

**AUDITED FINANCIAL STATEMENTS
REQUIRED SUPPLEMENTAL INFORMATION
OTHER FINANCIAL INFORMATION
AND SUPPLEMENTAL REPORTS**

**GREENLAND TOWNSHIP
ONTONAGON COUNTY
March 31, 2008**

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* GREENLAND TOWNSHP	County* ONTONAGON	Type* TOWNSHIP	MuniCode* 66-1-040
Opinion Date-Use Calendar* Sep 5, 2008	Audit Submitted-Use Calendar* Sep 29, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies?
	<input checked="" type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> ? \$ 169,791.00
General Fund Expenditure:	<input type="checkbox"/> ? \$ 192,344.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> ? \$ 83,874.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> ? \$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* ROGER	Last Name* KOLEHMAINEN	Ten Digit License Number* 1101011820		
CPA Street Address* 1445 EAST US 2	City* IRONWOOD	State* MI	Zip Code* 49938	Telephone* +1 (906) 932-3600
CPA Firm Name* ROGER J KOLEHMAINEN PC	Unit's Street Address* PO BOX 204	Unit's City* MASS CITY	Unit's Zip* 49948	

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MANAGEMENT'S DISCUSSION AND ANALYSIS GREENLAND TOWNSHIP

Year ended March 31, 2008

Management's Discussion and Analysis

This section of the Greenland Township's annual financial report presents our discussion and analysis of the Township's financial performance during the year ended March 31, 2008. It is to be read in conjunction with the Township's financial statements, which immediately follow. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Government* and is intended to provide the financial results for the fiscal year ending March 31, 2008.

Government-wide Financial Statements

The Government-wide financial statements appear first in the financial report. These financial statements include the statement of net assets and the statement of activities. They report information about the Township as a whole and its component unit. The statements are prepared using the accrual basis of accounting which is the accounting used by most private sector businesses. The statement of net assets includes all of the Township's assets and liabilities. All current year revenues and expenses are reported in the statement of activities. These new statement that have not been required or provided in past years but are now required based on government auditing and accounting standards. The two statements report the governmental activities of the Township that include all services performed by the Township. These activities are funded mostly by State revenue sharing, property taxes, landfill fees and charges for services.

The statement of net assets, as stated previously, shows the Township's assets and liabilities. The corresponding balance between the amounts calculates the net assets or deficit of the Township. This statement measures the financial strength of the Township; the greater the net asset figure, the healthier the Township generally is. This shows if the Township will be able to fund their current obligations and shows what they have available for future use.

The statement of activities shows the current year change in net assets on revenue less expenditure basis. It generally shows the operating results for a given year of the Township. Any excess of revenues over expenditures results in a surplus for the year that in turn increases the net assets (or reduces a deficit) available to fund future needs of the Township. Any deficiency of revenues over expenditures results in a deficit for the year that in turn reduces the net assets (or increases a deficit) of the Township.

MANAGEMENT'S DISCUSSION AND ANALYSIS
GREENLAND TOWNSHIP
(Unaudited)

Fund Financial Statements

The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. In the basic financial statements, the emphasis of the fund financial statements is on major funds. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating the Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. In order to provide the reader with information to better understand the long-term impact of the government's near-term financing decisions, a reconciliation between the government-wide financial statements is included as part of the basic financial statements.

The Township maintains three governmental funds. Information is presented separately in the government fund balance sheets and governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund and Fire Fund (considered major funds). The Township adopted an annual budget for the General Fund and the Fire Fund. To demonstrate compliance with this budget, a budgetary comparison statement has been provided for the General Fund and is included in the "Required Supplemental Information" section of this report. Budgetary comparisons for other individual funds are presented under the "Other Financial Information" section of this report.

The Township has a component unit, Downtown Development Authority, which is included in the enclosed the Government-wide financial statements and the governmental funds financial statements. The financial statements are prepared on accrual method of accounting.

MANAGEMENT'S DISCUSSION AND ANALYSIS
GREENLAND TOWNSHIP
(Unaudited)

Proprietary Funds

Proprietary Funds provide services for which the Township charges customers a fee. The Township has one proprietary fund type-enterprise fund. The enterprise fund of the Township is used to report the same functions as the business-type activities in the government-wide financial statements. The Sewer Fund is presented in both the government-wide financial statements and the fund financial statements and is considered a major fund. Enterprise funds are used to account for operations very similar to business enterprises, where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefits of parties outside the government. The fiduciary funds for the Township are the Tax Collection Fund and Pension Fund. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. This fund is presented separately in the fund financial statements section of the basic financial statements.

Notes to Financial Statements

Notes to the financial statements are included in the financial statements, and provide additional information that is essential for a full understanding of the data provide in the government-wide and the fund financial statements.

Government-wide Financial Statements-Condensed Financial Information

Statement of Net Assets

The following is a condensed statement of net assets with a detailed analysis of the statement below as of March 31, 2008 and 2007.

	<u>March 31, 2008</u>			
	Governmental	Primary Government Business-Type		Component
ASSETS	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Unit</u>
Current Assets:				
Cash and cash equivalents	\$152,114	\$68,789	\$220,903	\$25,933
Other assets	40,716	26,614	67,330	53,095
Non-current Assets				
Restricted cash	17,344	62,587	79,931	
Capital Assets, net	162,039	1,843,292	2,005,331	
TOTAL ASSETS	\$372,213	\$2,001,282	\$2,373,495	\$79,028

MANAGEMENT'S DISCUSSION AND ANALYSIS
GREENLAND TOWNSHIP

(Unaudited)

Primary Government

	Governmental	Business-Type	Total	Component
	<u>Activities</u>	<u>Activities</u>		<u>Unit</u>
LIABILITIES				
Current Liabilities	\$16,648	\$29,435	\$46,083	\$
Non-current Liabilities		552,300	552,300	
TOTAL LIABILITIES	16,648	581,735	598,383	
NET ASSETS				
Investment in capital assets, net of related debt	162,039	1,276,992	1,439,031	
Reserved	20,530	62,587	83,117	
Unrestricted	172,996	79,968	252,964	79,028
TOTAL NET ASSETS	355,565	1,419,547	1,775,112	79,028
TOTAL LIABILITIES AND NET ASSETS	\$372,213	\$2,001,282	\$2,373,495	\$79,028

For governmental activities, net assets increased by \$50,687 during the fiscal year. For business-type activities, net assets decreased by \$41,716 during the year.

March 31, 2007

Primary Government

	Governmental	Business-Type	Total	Component
	<u>Activities</u>	<u>Activities</u>		<u>Unit</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$117,242	\$28,537	\$145,779	\$64,672
Other assets	41,160	37,880	79,040	4,240
Non-current Assets				
Restricted cash	76,567	95,730	172,297	
Capital Assets, net	143,065	1,914,380	2,057,445	
TOTAL ASSETS	\$378,034	\$2,076,527	\$2,454,561	\$68,912
LIABILITIES				
Current Liabilities	\$73,156	\$48,964	\$122,120	\$120
Non-current Liabilities		566,300	566,300	
TOTAL LIABILITIES	73,156	615,264	688,420	120
NET ASSETS				
Investment in capital assets, net of related debt	91,228	1,334,080	1,425,308	
Reserved	76,567	95,730	172,297	
Unrestricted	137,083	31,453	168,536	68,792
TOTAL NET ASSETS	304,878	1,461,263	1,766,141	68,792
TOTAL LIABILITIES AND NET ASSETS	\$378,034	\$2,076,527	\$2,454,561	\$68,792

MANAGEMENT'S DISCUSSION AND ANALYSIS
GREENLAND TOWNSHIP
(Unaudited)

Results of Operations

The results of operations for Greenland Township as a whole are reported in the statement of activities. This statement reports the changes in net assets for both governmental and business-type activities. The following is a condensed statement of activities for the years ended March 31, 2008 and 2007.

	<u>March 31, 2008</u>			
	Governmental	Primary Government Business-Type		Component
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Unit</u>
REVENUES:				
Program Revenues:				
Charges for services	\$32,351	\$98,635	\$130,986	\$
General Revenues:				
Property taxes	39,189		39,189	10,790
State-shared revenues	65,244		65,244	
Landfill fees	39,004		39,004	
Investment income	3,914	2,929	6,843	830
Other income	48,135		48,135	
TOTAL REVENUES	227,837	101,564	329,401	11,620
EXPENSES:				
Program Expenses:				
Governmental activities	177,150		177,150	1,384
Business-type activities		143,280	143,280	
TOTAL EXPENSES	177,150	143,280	320,430	1,384
Increase (Decrease) in Net Assets	50,687	(41,716)	8,971	10,236
Net Assets 3/31/2007	304,878	1,461,263	1,766,141	68,792
Net Assets 3/31/2008	\$355,565	\$1,419,547	\$1,775,112	\$79,028

MANAGEMENT'S DISCUSSION AND ANALYSIS
GREENLAND TOWNSHIP

(Unaudited)

March 31, 2007

Primary Government

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>	Component <u>Unit</u>
REVENUES:				
Program Revenues:				
Charges for services	\$25,391	\$82,424	\$107,815	\$650
General Revenues:				
Property taxes	34,418		34,418	8,379
State-shared revenues	65,021		65,021	
Landfill fees	38,433		38,433	
Investment income	2,806	1,887	4,693	760
Other income	40,172		40,172	46,758
TOTAL REVENUES	206,241	84,311	290,552	56,547
EXPENSES:				
Program Expenses:				
Governmental activities	178,130		178,130	1,224
Business-type activities		131,879	131,879	
TOTAL EXPENSES	178,130	131,879	310,009	1,224
Increase (Decreased) in Net Assets	28,111	(47,568)	(19,457)	55,323
Net Assets 3/31/2006	276,767	1,508,831	1,785,598	13,469
Net Assets 3/31/2007	\$304,878	\$1,461,263	\$1,766,141	\$68,792

Governmental Activities

Property taxes and other tax revenues comprise \$39,189 or approximately 17 percent of total governmental revenues. The Township also received \$65,244 (29%); \$39,004 (17%) and \$45,156 (20%) in State shared revenues, landfill fees and donations, respectively, during the fiscal year.

The Township expended \$177,150 on governmental programs and services. The largest expense category was for general government services in the amount of \$118,916 or 67%.

Business-Type Activities

Business-type activities decreased the Township's net assets by \$41,716. Charges for services for sewer activities for the year were \$98,635 and expenditures amounted to \$143,280.

MANAGEMENT'S DISCUSSION AND ANALYSIS
GREENLAND TOWNSHIP
(Unaudited)

Financial Analysis of Governmental Funds

As previously noted, the Township uses fund accounting to ensure and demonstrate compliance with finance-related requirement.

Governmental Funds

The focus of the Township's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. The Township's governmental funds reported combined ending fund balances of \$193,526 of which \$20,530 is reserved for various road and cemetery activities, with the remaining \$172,996 available for discretionary spending.

Proprietary Fund

The Township's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net asset of the Sewer Fund as of March 31, 2008 was \$79,968.

Capital Assets and Debt Administration

The Township's investment in capital assets, net of accumulated depreciation for its governmental and business-type activities as of March 31, 2008 was \$2,005,331.

Major capital expenditures for governmental funds were for Township's renovations to the newly acquired town hall, fencing, holiday lighting and office equipment. There were neither additions nor deletions to Proprietary Fund's capital assets.

The Township had \$566,300 in long-term revenue bonds payable as of March 31, 2008, of which \$14,000 is reclassified as a short term liability.

MANAGEMENT'S DISCUSSION AND ANALYSIS
GREENLAND TOWNSHIP
(Unaudited)

Other Economic Factors and Next Years Budget

Economic Factors

Currently, the State of Michigan is experiencing a severe budgetary crisis. As such, it is anticipated that future state cuts will likely translate into strategic reductions of Township expenses to maintain a sound budget. Despite the poor outlook of the state's budget, the Township will continue to strive to provide good social and cultural conditions that support healthy families and maintain a safe and clean community in which to live.

Request for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Township Supervisor
Greenland Township
PO Box 204
Mass City, MI 49948

Roger J. Kolehmainen CPA PC
1445 East Cloverland Drive
Ironwood, MI 49938
(906) 932-3600

INDEPENDENT AUDITOR'S REPORT

Supervisor and Members of the Board
Greenland Township
Mass City, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Greenland Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Greenland Township as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated September 5, 2008, on our consideration of Greenland Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 10 are not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Greenland Township's basic financial statements. The accompanying "Other Financial Information" is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Roger J. Kolehmainen PC
Certified Public Accountant

Ironwood, Michigan
September 5, 2008

GREENLAND TOWNSHIP
STATEMENT OF NET ASSETS
March 31, 2008

	<u>Primary Government</u>			
	<u>Governmental</u>	<u>Business-type</u>	<u>Totals</u>	<u>Component</u>
ASSETS	Activities	Activities		Unit
Current Assets:				
Cash and cash equivalents	\$152,114	\$68,789	\$220,903	\$25,933
Accounts receivable-net	18,310	20,799	39,109	
Notes receivable				51,568
Delinquent taxes receivable	7,833		7,833	1,527
Due from other funds	861	1,880	2,741	
Deferred charges	13,712	3,935	17,647	
TOTAL CURRENT ASSETS	192,830	95,403	288,233	79,028
RESTRICTED ASSETS:				
Restricted cash	17,344	62,587	79,931	
NON-CURRENT ASSETS:				
Capital assets	180,954	3,051,597	3,232,551	
Accumulated depreciation	(18,915)	(1,213,950)	(1,232,865)	
Loan acquisition costs-net		5,645	5,645	
TOTAL NON-CURRENT ASSETS	162,039	1,843,292	2,005,331	
TOTAL ASSETS	\$372,213	\$2,001,282	\$2,373,495	\$79,028
LIABILITIES				
Current Liabilities:				
Accounts payable	\$8,549	\$672	\$9,221	\$
Accrued wages/taxes	6,219	925	7,144	
Accrued interest payable		9,443	9,443	
Due to other funds	1,880		1,880	
Advance collections		4,395	4,395	
Current maturity on long-term debt		14,000	14,000	
TOTAL CURRENT LIABILITIES	16,648	29,435	46,083	
NON-CURRENT LIABILITIES				
Bonds payable		566,300	566,300	
Current maturity on long-term debt		(14,000)	(14,000)	
TOTAL NON-CURRENT LIABILITIES		552,300	552,300	
TOTAL LIABILITIES	16,648	581,735	598,383	
NET ASSETS				
Investment in capital assets, net of related debt	162,039	1,276,992	1,439,031	
Reserved	20,530	62,587	83,117	
Unreserved	172,996	79,968	252,964	79,028
TOTAL NET ASSETS	355,565	1,419,547	1,775,112	\$79,028
TOTAL LIABILITIES & NET ASSETS	\$372,213	\$2,001,282	\$2,373,495	\$79,028

The accompanying notes are an integral part of the financial statements.

GREENLAND TOWNSHIP
STATEMENT OF ACTIVITIES
Year Ended MARCH 31, 2008

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>	Net (Expense) Revenue	
Primary government:				
Governmental Activities				
General government	\$118,916	\$29,825	(\$89,091)	
Public safety	23,706	2,526	(21,180)	
Public works	15,635		(15,635)	
Recreation and culture	392		(392)	
Other	18,501		(18,501)	
Total Governmental Activities	<u>\$177,150</u>	<u>32,351</u>	<u>(\$144,799)</u>	
Business-type Activities				
Sewer	143,280	98,635	(44,645)	
Total Business – type Activities	<u>\$143,280</u>	<u>\$98,635</u>	<u>(\$44,645)</u>	
Total primary government	<u>\$320,430</u>	<u>\$130,986</u>	<u>(\$189,444)</u>	
Component unit:				
Development activities	1,384		(1,384)	
Total component unit	<u>\$1,384</u>	<u>\$</u>	<u>(\$1,384)</u>	
Changes in Net Assets				
	<u>Primary Government</u>			
	<u>Governmental Activities</u>	<u>Business – type Activities</u>	<u>Total</u>	<u>Component Unit</u>
Net (Expense) Revenue	(\$144,799)	(\$44,645)	(\$189,444)	(1,384)
General Revenues:				
Property taxes	39,189		39,189	10,790
State-Shared revenues	65,244		65,244	
Landfill fees	39,004		39,004	
Investment income	3,914	2,929	6,843	830
Other	48,135		48,135	
Total General Revenues and Transfers	<u>\$195,486</u>	<u>\$2,929</u>	<u>\$198,415</u>	<u>11,620</u>
Changes in Net Assets	50,687	(41,716)	8,971	10,236
Net Assets at Beginning of Year	304,878	1,461,263	1,766,141	68,792
Net Assets at End of Year	<u>\$355,565</u>	<u>\$1,419,547</u>	<u>\$1,775,112</u>	<u>\$79,028</u>

The accompanying notes are an integral part of the financial statements.

GREENLAND TOWNSHIP
COMBINED BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2008

	<u>General</u>	<u>Fire Fund</u>	<u>Totals Governmental Funds</u>	<u>Component Unit</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$24,169	\$127,945	\$152,114	\$25,933
Accounts receivable-net	18,310		18,310	
Notes receivable				51,568
Delinquent taxes receivable	4,511	3,322	7,833	1,527
Due from other funds	22,476		22,476	
Deferred charges	13,712		13,712	
TOTAL CURRENT ASSETS	83,178	131,267	214,445	79,028
NON-CURRENT ASSETS				
Restricted cash	17,344		17,344	
TOTAL NON-CURRENT ASSETS	17,344		17,344	
TOTAL ASSETS	\$100,522	\$131,267	\$231,789	\$79,028
LIABILITIES				
Current Liabilities				
Accounts payable	\$8,549	\$	\$8,549	\$
Accrued wages/taxes	6,219		6,219	
Due to other funds	1,880	21,615	23,495	
TOTAL CURRENT LIABILITIES	16,648	21,615	38,263	
TOTAL LIABILITIES	16,648	21,615	38,263	
FUND BALANCES				
Reserved	20,530		20,530	
Unreserved	63,344	109,652	172,996	79,028
TOTAL FUND BALANCES	83,874	109,652	193,526	79,028
TOTAL LIABILITIES AND FUND BALANCES	\$100,522	\$131,267	\$231,789	\$79,028

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total Fund Balances for Governmental Funds \$193,526

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation: 162,039

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$355,565

The accompanying notes are an integral part of the financial statements.

GREENLAND TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year ended March 31, 2008

	<u>General</u>	<u>Fire Fund</u>	<u>Total Governmental Funds</u>	<u>Component Unit</u>
REVENUES:				
Taxes	\$14,288	\$17,879	\$32,167	\$10,790
Other taxes	7,022		7,022	
Tax administrative fees	11,555		11,555	
State shared revenues	66,592		66,592	
Charges for services	40,182		40,182	
Interest	1,202	2,717	3,919	830
Rental income	18,270		18,270	
Donations	7,706	37,450	45,156	
Other income	2,974		2,974	
	169,791	58,046	227,837	11,620
EXPENDITURES				
Legislative	14,179		14,179	
General government	99,861		99,861	
Public safety	19,926	3,780	23,706	
Public works	11,385		11,385	
Recreation and culture				
Economic development				1,384
Other	18,501		18,501	
Capital outlay	28,492		28,492	
	192,344	3,780	196,124	1,384
EXCESS OF REVENUES (EXPENDITURES)	(22,553)	54,266	31,713	10,236
OTHER FINANCING SOURCES (USES)				
Transfers to/from other funds				
EXCESS OF REVENUES EXPENDITURES) & OTHER FINANCING USES	(22,553)	54,266	31,713	10,236
Fund Balance at 3/31/2007	106,427	55,386	161,813	68,792
FUND BALANCE 3/31/2008	\$83,874	\$109,652	\$193,526	\$79,028

The accompanying notes are an integral part of the financial statements.

GREENLAND TOWNSHIP
RECONCILIATION OF THE GOVERNMENTAL FUND TYPE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WITH THE STATEMENT OF ACTIVITIES

March 31, 2008

Net change in fund balances – Total Governmental Funds	\$31,713
--	----------

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures while
governmental activities report depreciation expense to allocate those
expenditures over the life of the assets:

Additions:

Capital asset purchases capitalized	28,492
Depreciation expense	(9,518)

Change in Net Assets of Governmental Activities	<u>\$50,687</u>
---	-----------------

The accompanying notes are an integral part of the financial statements

GREENLAND TOWNSHIP
STATEMENT OF NET ASSET
PROPRIETARY FUND
March 31, 2008

	<u>Sewer</u>
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$68,789
Accounts receivable-net	20,799
Due from other funds	1,880
Deferred charges	3,935
Total Current Assets	95,403
RESTRICTED ASSETS:	
Cash	62,587
Total Restricted Assets	62,587
NONCURRENT ASSETS:	
Property, plant and equipment	3,051,597
Accumulated depreciation	(1,213,950)
Loan acquisition costs-net	5,645
Total Non-Current Assets	1,843,292
TOTAL ASSETS	<u>\$2,001,282</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:	
Accounts payable	\$672
Accrued wages/taxes	925
Accrued interest payable	9,443
Due to other funds	
Advance collections	4,395
Current maturity on long-term debt	14,000
Total Current Liabilities	29,435
LONG TERM LIABILITIES	
Revenue bonds payable	566,300
Less current maturity on long-term debt	(14,000)
Total long-term liabilities	552,300
TOTAL LIABILITIES	<u>581,735</u>
NET ASSETS:	
Investment in capital asset, net of related debt	1,276,992
Reserved	62,587
Unreserved	79,968
TOTAL NET ASSETS	<u>1,419,547</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,001,282</u>

The accompanying notes are an integral part of the financial statements.

GREENLAND TOWNSHIP
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN
NET ASSETS - PROPRIETARY FUND TYPE

Year ended March 31, 2008

Business type Activities - Enterprise Fund

	<u>Sewer Fund</u>
Operating revenues:	
Charges for services	\$98,635
Total Operating Revenues	98,635
Operating expenses:	
Wages and benefits	7,087
Operation supplies	1,690
Repairs and maintenance	12,298
Provision for depreciation/amortization	71,087
Insurance	5,537
Utilities	5,098
Administrative expenses:	
Wages and benefits	6,141
Professional fees	2,832
Office supplies	1,406
Printing and publication	348
Dues and memberships	871
Miscellaneous	449
Total Operating Expenses	114,844
Operating income (loss)	(16,209)
Non-operating revenues (expenses)	
Interest income	2,929
Interest expense	(28,436)
	(\$25,507)
Change in Net Assets	(41,716)
Net Assets - March 31, 2007	1,461,263
NET ASSETS – MARCH 31, 2008	<u>\$1,419,547</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS TYPE
 GREENLAND TOWNSHIP
 Year ended March 31, 2008

Business type Activities - Enterprise Fund

CASH FLOWS FROM OPERATING ACTIVITIES:	<u>Sewer</u>
Receipts from customers	\$111,218
Payments to employees and suppliers for goods and services	(64,602)
Net Cash Provided (Used) by Operating Activities	46,616
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Revenue bond principal/loans paid	(14,000)
Interest paid on bonds payable	(28,436)
Net Cash Provided (Used) for Capital and Related Financing Activities	(42,436)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received on investments	2,929
Net Cash Provided (Used) by Investing Activities	2,929
Net Increase (Decrease) in Cash	7,109
Cash and Cash Equivalents, March 31, 2007	124,267
CASH AND CASH EQUIVALENTS, March 31, 2008	<u>\$131,376</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	(\$16,209)
Adjustments to reconcile income (loss) to net cash provided (used) by operating activities:	
Depreciation/amortization	71,087
Change in assets and liabilities:	
Accounts receivable	12,594
Due from other funds	(1,385)
Accrued interest income	162
Deferred charges	(94)
Accounts payable	(8,633)
Accrued wages/taxes	190
Customer advance payments	(3,366)
Due to other funds	(7,501)
Accrued interest payable	(229)
Net Cash Provided by Operating Activities	<u>\$46,616</u>

Noncash investing, capital and financing activities: None

The accompanying notes are an integral part of the financial statements.

GREENLAND TOWNSHIP
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
Year ended March 31, 2008

Agency Funds			
	Tax Collection Fund	Pension Fund	Totals
ASSETS			
Cash and cash equivalents	\$862	\$3,641	\$4,503
TOTAL ASSETS	\$862	\$3,641	\$4,503
LIABILITIES			
Due to Township	\$862	\$	\$862
Due to Other Units			
TOTAL LIABILITIES	\$862	\$	\$862
NET ASSETS			
Held in trust for pension benefits		\$3,641	\$3,641
TOTAL NET ASSETS	\$	\$3,641	\$3,641
TOTAL LIABILITIES AND NET ASSETS	\$862	\$3,641	\$4,503

The accompanying notes are an integral part of the financial statements.

GREENLAND TOWNSHIP
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION FUND
Year ended March 31, 2008

		Agency Funds
<hr/>		
	ADDITIONS	
Contributions		\$1,942
Investment gains		151
	TOTAL ADDITIONS	<hr/> 2,093
	DEDUCTIONS	
Administrative fees		58
Distributions		5,351
	TOTAL DEDUCTIONS	<hr/> 5,409
Changes in Net Assets		(3,316)
Net Assets at Beginning of Year		<hr/> 6,957
Net Assets at End of Year		<hr/> <hr/> \$3,641

The accompanying notes are an integral part of the financial statements

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The Township of Greenland operates with an elected board of trustees, which includes a supervisor, clerk and treasurer. The Township provides to its residents, services in many areas including public safety, highways and streets, sanitation, culture and recreation, planning and zoning, and general administrative services.

The Township complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the Township the option of electing to apply FASB pronouncements issued after November 30, 1989. The Township has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the Local Unit (primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. On this basis, the financial statements of the Downtown Development Authority has been included as a component unit, whereas, the local school district are not included in the financial statement of the Township. Educational services are provided to citizens through the local school district which is a separate governmental entity.

Basis of Presentation

The Statement of Net Assets and Statement of Activities display information about the reporting as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is place on major funds within the governmental and proprietary categories. A fund is considered major if it's the primary operating fund of the Township or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds in that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

General Fund - is the primary operating fund of the Township and always classified as a major fund. This fund is used to account for all financial resources except those legally or administratively required to be accounted for in another fund.

Fire Fund – are used to account for tax monies and other proceeds received to defray major capital purchases and debt retirement payments.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds report operations that provide services, which are financed primarily by user charges, or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control or other purposes. The funds are used to account for utility operations in a manner similar to private business enterprises. The intent of the Township is to recover operating expenses, including depreciation, through user charges.

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

FIDUCIARY FUND TYPE (Not included in government-wide statements)

Agency Funds - These funds are used to account for assets held by the Township in a trustee capacity or as an agent for other governments and/or other funds. They include the Tax Collection Fund and the Pension Fund. These funds are custodial in nature and do not involve measurement of results of operations. The Pension Fund is a trust fund used to account for the accumulation of resources deposited into a defined contribution pension plan payable to retired employees.

COMPONENT UNITS

The Greenland Downtown Development Authority has been shown in the financial statements as a discretely presented component unit of Greenland Township.

MAJOR AND NONMAJOR FUNDS

The governmental and enterprise funds of the Township are further classified as major and nonmajor funds as follows:

<u>Fund</u>	<u>Brief Description</u>
<u>MAJOR FUNDS</u>	
1. General	See above for description.
2. Fire	Account for separate tax levy to defray Capital purchases and debt retirement payments.
3. Sewer	Account for revenues and expenses of providing sewer services to the public.
<u>COMPONENT UNIT</u>	
4. Development Authority	Account for economic development activities.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise funds are charged to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end with the exception of State Shared revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets used.

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

For the purpose of the Statement of Net Assets, “cash, including time deposits” includes all demand, savings accounts, and certificates of deposits of the Township. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the government-wide financial statements. Exceptions to this general rule are charges between the government’s water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. See Note H for details of interfund transactions, including receivables and payable at year-end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes; delinquent real property taxes and tax administrative fees. Business-type activities report utilities earnings as their major receivables. Delinquent account balances can be placed on tax rolls and can be a lien against real property, therefore, they are considered fully collectable.

Note Receivable

The Downtown Development Authority makes loans to local business at a reduce interest rate in fulfilling its mission in stimulating economic development. Loans are being repaid over the period of fifteen years to be secured by real property. All notes receivable were current at year end.

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Granting of Credit

The General Fund grants credit to the State of Michigan and various local units of government and individuals. The Township and the DDA extends credit to its utility customers and local businesses.

Inventories

An inventory of Governmental Fund and Proprietary Fund Types operating supplies are considered to be immaterial and are not recognized.

Fixed Assets

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with initial individual costs of \$1,000 in capital betterments and equipment additions. All fixed assets are valued at historical cost. Capital assets for proprietary funds are recognized on assets costing over \$150 and with a useful life of over three years. The Township, in adopting GASB 34, elected to capitalize asset and infrastructure improvements effective as of April 1, 2004 and subsequently.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets for governmental funds. Depreciation has been provided over the useful lives using the straight-line method of depreciation. The estimated useful lives for each major class of depreciable fixed assets are as follows:

Land	Not depreciated
Land improvements	20-50 Years
Buildings and improvements	20-50 Years
Utility Systems	50 Years
Software	5 Years
Equipment	5-20 Years
Vehicles	5-7 Years
Infrastructure (ROW)	19 Years

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements. Depreciation of exhaustible fixed assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the proprietary funds' statement of net assets. Depreciation has been provided over the useful lives using the straight-line method of depreciation.

Prepaid Expenses

Prepaid expenses are amounts paid for insurance, membership fees and building supplies prepaid in anticipation of making renovations to a Township building during the 2008-2009 fiscal year. These expenses will be charged to the time period benefited from such advanced payments.

Restricted Assets

Proprietary Fund Types Funds, because of certain bond covenants, are required to establish and maintain prescribed amounts of cash that can be used only to service outstanding debt and to pay for repairs and maintenance of the utility systems. The Township has deposited monies in excess of the minimal amounts required per covenants. The Governmental Fund has set aside designated monies for future cemetery and reserved part of their Fund Balance for future road care.

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations of proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bond revenue notes payable. Any long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Property Taxes

Property taxes attach as an enforceable lien on property as of December 31. Taxes are levied on the ensuing December 1. The Township bills and collects its own property taxes and also collects current rolls for the County and School District. The Township records delinquent real property taxes as revenue upon levy; since the County will sell tax notes and remits monies to the various units of government shortly after year end.

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Budgets

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the proposed budget for each budgetary fund is submitted to the Township Board for consideration. The operating budget includes proposed expenditures and the means of financing them.
 2. A public hearing is held at the annual Township Board meeting to obtain taxpayers comments.
 3. Public hearings are held to obtain taxpayer comments.
 4. The budgets are adopted prior to the fiscal year by the majority vote of the Township Board.
 5. The budgets are adopted on the modified accrual basis of accounting.
 6. Any revisions to the budgeted amounts must be approved by a majority vote of the Township Board.
 7. Budget appropriations lapse at the end of each fiscal year.
 8. Budgeted amounts presented in the financial statements are as originally adopted and amended by the Township Board.
- Formal budgets for General, Sewer and Fire Funds were available.

Pension

The pension cost as reported in the Statement of Fiduciary Net Assets and Statement of Changes in Fiduciary Net Assets are recorded on a cash basis due to timing differences in payments received from the Township.

Fund Equity

The unreserved fund equity for governmental funds represents the amount available for budgeting future operations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Interest Expense

Interest on bonded indebtedness is recorded as expenditure as accrued

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Interest Receivables

Interest on investments is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

Due to and Due from Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the Township’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statement

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Proprietary fund equity is classified the same as in the government-wide statements.

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Proprietary Fund Type consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods, and/or services. It also includes are revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In government-wide financial statements, expenses are classified by function for governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

Proprietary Fund – By Operating and Non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

NOTE B - CASH

Statutes authorize the Township to deposit cash in financial institutions covered by federal depository insurance and to invest in obligations of the United States Treasury, agencies and instrumentalities; commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services: United States government or agency obligation repurchases agreements; bankers' acceptances of United States banks; certain mutual funds and certain common stocks. All accounts are in the name of the Township and the Township holds certificates of deposit which are recorded in the Township records at cost. Interest is recorded when the interest is accrued.

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

In accordance with GASB Statement No. 3, risk disclosure for bank deposits at March 31, 2008:

a	Insured or collateralized with securities held by the entity or by its agent in the entities name.	\$271,270
b	Collateralized with securities held by the pledging trust department or agent in the entity name.	
c	Uncollateralized (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the entity's name.	62,145
d	Cash on hand	
	Subtotal	333,415
	Less outstanding checks	(5,786)
	Balance at March 31, 2008	\$327,629

The Township's deposits are in accordance with statutory authority.

Pension Trust Fund investments of \$3,641 were invested entirely in annuity contracts in accordance with State of Michigan statutes. Market value of \$3,641 as of March 31, 2008 approximates carrying value. The investments are not subject to categorization of credit risk.

NOTE C - RECEIVABLES

Accounts receivable and related allowances for uncollectible are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
General Fund .	\$22,821	\$	\$22,821
SRF-Fire Fund	\$3,322	\$	\$3,322
Sewer Fund	\$20,799	\$	\$20,799

General Fund - generally consists of delinquent tax monies; administrative fees; State Shared Revenues and rental income.

Sewer Fund - delinquent account balances are placed on tax rolls and can be a lien against real property. Receivables are considered to be fully collectible.

Fire Fund – generally consist of delinquent property taxes.

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE D - SUMMARY OF TAX ROLL

Following is a summary of the 2007 property tax roll:

	<u>Levy</u>	<u>Taxes Returned Delinquent</u>	<u>Net Tax Collected</u>
Real/Personal Property taxes:			
County	\$251,095	\$31,636	\$219,459
School/SET	279,656	35,677	243,979
Township	28,494	4,299	24,195
CFR	43,568	1,006	42,562
Delinquent utilities	15,568	8,192	7,376
Totals:	<u>\$618,381</u>	<u>\$80,810</u>	<u>\$537,571</u>

Taxable Valuation – (excludes CFR; lease
Lands; and captured DDA taxes):

Real property	\$14,222,564
Personal property	<u>1,410,350</u>
Total	<u>\$15,632,914</u>

NOTE E – NOTES RECEIVABLE

The DDA had awarded two business loans to local businesses for facilities improvements, equipment acquisitions and working capital. The loans bear an interest rate of 3% and are payable over 15 years. The loans were secured by real estate mortgage notes.

NOTE F - DELINQUENT TAX RECEIVABLE

The County of Ontonagon purchases the delinquent real property taxes of the Township for the 2007 levied. The County intends to sell tax notes, the proceeds of which will be used to pay the Township for these delinquent taxes shortly after yearend. The delinquent real property taxes are recorded as current year tax revenues.

NOTE G - PUBLIC ACT 275 OF 1980 DISCLOSURE

The Township had no deficits in any funds as of March 31, 2008, which would require specific disclosure.

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE H - INTERFUND RECEIVABLES AND PAYABLE

The amounts of interfund receivables and payable at March 31, 2008, are as follows:

<u>Funds</u>	<u>Interfund Receivable</u>	<u>Funds</u>	<u>Interfund Payable</u>
General Fund-		Tax Fund-	
Tax Fund	\$862	General Fund	\$862
Fire Fund	21,615	Fire Fund-	
Sewer Fund-		General Fund	21,615
General Fund	1,880	General Fund-	
		Sewer Fund	1,880
TOTALS	<u>\$24,357</u>		<u>\$24,357</u>

NOTE I – SEWER FUND OTHER ASSETS

Sewer Fund other assets consist of legal fees incurred in connection with the 1989 Sewer Disposal System Revenue Bonds issued. These costs are being amortized using the straight-line method over the life of forty years. The current year amortization cost was \$250.

NOTE J – CAPITAL ASSETS

A summary of changes in general fixed assets follow:

Governmental Activities	<u>Balance at March 31, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at March 31, 2008</u>
Capital Assets being Depreciated				
Buildings and improvements	\$50,941	\$25,100	\$	\$76,041
Vehicles	6,545			6,545
Software	2,395			2,395
Equipment	13,724	3,392		17,116
Infrastructure-roads	78,857			78,857
	152,462	28,492		180,954
Less Accumulated Depreciation	(9,397)	(9,518)		(18,915)
Net	<u>\$143,065</u>	<u>\$18,974</u>	<u>\$</u>	<u>\$162,039</u>

Depreciation expense was charged to programs of the primary government as follows:

General Government	\$4,876
Public Works	\$4,250
Recreation & Culture	\$ 392

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE K - ENTERPRISE FUNDS – CAPITAL ASSETS

A summary of proprietary fund type property, plant and equipment follows:

Sewer Fund

Business-Type Activities	Balance at			Balance at
Capital Assets not Depreciated	<u>March 31, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>March 31, 2008</u>
Land	\$71,923	\$	\$	\$71,923
Capital Assets being Depreciated				
Land improvements	73,668			73,668
Utility plant and buildings	2,541,754			2,541,754
Vehicle	23,496			23,496
Equipment	340,756			340,756
Subtotals	3,051,597			3,051,597
Less Accumulated Depreciation	(1,143,113)	(70,837)		(1,213,950)
Net	<u>\$1,908,484</u>	<u>(\$70,837)</u>	<u>\$</u>	<u>\$1,837,647</u>

Depreciation is computed using the straight-line method. Depreciation Expense was \$70,837.

NOTE L – LIQUOR LICENSE REBATES

During the year ended March 31, 2008, the Township collected Liquor license monies of \$1,348 and spent \$1,320 in enforcement costs. Because the fee structure has not covered actual expenses in prior years, the Township has not established a separate fund. All revenues and expenditures are accounted for in the General Fund.

NOTE M – ACCOUNTS PAYABLE

The General Fund and Proprietary Fund's accounts payable were for normal expenditures at year end.

NOTE N – SUMMARY OF CHANGES IN LONG-TERM DEBT

A summary of the changes in the Township's long-term debt follows:

	Balance at			Balance at
	<u>April 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>March 31, 2008</u>
Sewage Disposal System				
Revenue Bonds	\$580,300	\$	\$14,000	\$566,300

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Sewage Disposal System

NOTE O – SEWER BOND PAYABLE

Revenue bonds payable in the Sewer fund were issued in 1989 for the purpose of defraying part of the cost of wastewater disposal and sewer improvements in portions of Greenland Township. Repayment of the bonds is being made through hoop up fees and monthly charges to users of the system.

Sewage Disposal System Revenue Bonds were issued for \$720,000 on June 28, 1989, and they mature annually as scheduled below and bear interest at 5% per annum. The present amount of bonds outstanding as of March 31, 2008 is \$566,300.

Principal installments of these bonds are subject to prepayment prior to maturity, in inverse chronological order, at the issuer's option, on any interest payment date on or after June 1, 1992, at par and accrued interest to the date fixed for prepayment. Debt service charges until maturity are:

<u>Year Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$14,000	\$30,500	\$44,500
2010	15,000	29,775	44,775
2011	16,000	29,000	45,000
2012	17,000	28,175	45,175
2013	18,000	27,300	45,300
2014	19,000	26,375	45,375
2015	20,000	25,400	45,400
2016	21,000	24,375	45,375
2017	22,000	23,300	45,300
2018	23,000	22,175	45,175
2019	24,000	21,000	45,000
2020	25,000	19,775	44,775
2021	27,000	18,475	45,475
2022	28,000	17,100	45,100
2023	30,000	15,650	45,650
2024	31,000	14,125	45,125
2025	33,000	12,525	45,525
2026	34,000	10,850	44,850
2027	36,000	9,100	45,100
2028	38,000	7,250	45,250
2029	40,000	5,300	45,300
2030	35,300	3,250	38,550
	<u>\$566,300</u>	<u>\$420,775</u>	<u>\$987,075</u>

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE P – EMPLOYEE RETIREMENT PLAN

Effective January 1, 1970, the Township adopted a defined contribution pension plan, administered by Manufacturers Life Insurance Company (under the direction of the Township Clerk), which provides pension benefits to elected Board Members, who have attained the age of 18. To participate, employees are required to match contributions made by the employer based upon pay range scales. The contributions are made to individual participants pension plans and are immediately vested. Investment of plan assets is the responsibility of each participant. In 2005, John Hancock Life Insurance Company replaced Manufacturer Life Insurance Company.

For the time period April 1, 2007 to March 31, 2008, actual employer contributions received amounted to \$970, with employee contributions being \$970. The amount payable from the General Fund at year end was \$331. Plan assets held in pension investment accounts amounted to \$3,641 as of March 31, 2008. Additional pension plan information was unavailable for more detailed disclosure.

NOTE Q – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Township provides sewage services. Segment information as of March 31, 2008, follows:

	Sewer Utility Fund
Operating revenues	\$98,635
Depreciation/amortized expense	\$71,087
Operating income (loss)	(\$16,209)
Restrictive donations/grants	0
Operating transfers	0
Tax revenues	0
Increase (decrease) in Net Asset	(\$41,716)
Current capital contribution	0
Increase (decrease) in Fixed assets	0
Long-term debt payable from operating revenues	\$566,300
Net Assets Unreserved (deficit)	\$79,968

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE R – RISK MANAGEMENT

The Township is exposed to various risks of losses related to tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained general liability; physical damage to property, equipment and contents, wrongful acts, auto liability, crime and electronic processing insurance coverage as a member in the Michigan Township Participating Plan (MTTP). The MTTP is a self-insurance association that secures insurance policies or reinsurance treaties to cover the risk undertaken on behalf of the Township and other member municipalities. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of the deductible amounts. The Township has comprehensive general liability of \$1,000,000 per occurrence and a \$3,000,000 aggregate limit, with no deductible amount. The deductible is \$250-500 per occurrence for auto, property and electronic data processing.

All risk management activities are accounted for in the General Fund of the Township. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

Management estimates that the amount of actual or potential claims against the Township as of March 31, 2008, will not materially affect the financial condition of the Township. Therefore, the General Fund contains no provision for estimated claims. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five years.

NOTE S – RESERVED FUND BALANCES AND CASH ACCOUNTS

The Township has reserved the General Fund balance for the following activities, of which the cemetery monies have been set aside in separate bank accounts.

Cemetery	\$17,344
Road Repairs	\$3,186

The Proprietary Funds have established and funded (\$62,587) various cash accounts in fulfilling various bond covenant agreements.

GREENLAND TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2008

NOTE T – STATE CONSTRUCTION CODE ACT INFORMATION

During the year ended March 31, 2008, the Township collected construction code service fees of \$1,180 and spent \$1,150 for enforcing the code. The Township has the ability to track revenues and expenses and has elected not to establish a separate fund to account for this activity. All financial transactions are accounted for in the General Fund. There are no surplus monies available from previous years to require the reservation of any monies to any future periods.

NOTE U- SUBSEQUENT EVENTS

The Township Board, in cooperation with the Fire Department, has agreed to proceed with building a new fire hall next to the existing Township Hall. It is anticipated that construction costs will exceed \$100,000 with the monies coming from the Fire Fund and General Fund. The Township Board is not anticipating borrowing any monies to accomplish this addition.

**REQUIRED SUPPLEMENTAL
FINANCIAL INFORMATION**

GREENLAND TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE- BUDGET TO ACTUAL
MAJOR GOVERNMENTAL FUND - GENERAL FUND
For the Year ended March 31, 2008

	<u>Budgeted Amounts</u>			
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Taxes	\$20,000	\$20,000	\$14,288	(\$5,712)
Other taxes	4,800	4,800	7,022	2,222
Tax administrative fees	3,500	3,500	11,555	8,055
State shared revenues	61,000	61,000	65,244	4,244
Liquor license fees	1,516	1,516	1,348	(168)
Charges for services/landfill	40,500	40,500	39,004	(1,496)
Building & zoning permits	3,500	3,500	1,178	(2,322)
Interest	250	251	1,202	951
Rental income	23,910	23,910	18,270	(5,640)
Donations		4,225	7,706	3,481
Other revenue	3,200	5,632	2,974	(2,658)
	162,176	168,834	169,791	957
EXPENDITURES				
Legislative	13,500	14,232	14,179	53
General government	126,086	118,169	99,861	18,308
Public safety	26,380	24,450	19,926	4,524
Public works	44,930	64,036	11,385	52,651
Recreation and culture	10,454			
Other	19,000	22,780	18,501	4,279
Capital outlay		10,375	28,492	(18,117)
	240,350	254,042	192,344	61,698
EXCESS OF REVENUES (EXPENDITURES)	(78,174)	(85,208)	(22,553)	62,655
OTHER FINANCING SOURCES (USES)				
Transfers to/from other funds				
EXCESS OF REVENUES EXPENDITURES) AND OTHER FINANCING USES	(78,174)	(85,208)	(22,553)	62,655
Fund Balance at 3/31/2007	106,427	106,427	106,427	
FUND BALANCE MARCH 31, 2008	\$28,253	\$21,219	\$83,874	\$62,655

The accompanying notes are an integral part of the financial statements.

OTHER FINANCIAL
INFORMATION

GREENLAND TOWNSHIP
MAJOR GOVERNMENTAL FUND
GENERAL FUND
DETAIL OF EXPENDITURES AND COMPARISON WITH BUDGET

Year ended March 31, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
LEGISLATIVE				
Township Board:				
Salaries			\$3,100	
Pension			2,211	
Office supplies			1,055	
Operating supplies			654	
Communications			1,642	
Professional fees			5,016	
Printing and publications			182	
Miscellaneous			14	
Dues			305	
TOTAL LEGISLATIVE	\$13,500	\$14,232	\$14,179	\$53
GENERAL GOVERNMENT				
Supervisor:				
Salaries			5,700	
Office supplies			945	
Dues			75	
Miscellaneous			9	
TOTAL SUPERVISOR	8,000	7,204	6,729	475
Election:				
Office supplies			1,432	
Contractual costs			1,706	
Transportation			33	
Printing and publishing			131	
TOTAL ELECTIONS	2,350	4,050	3,302	748

The accompanying notes are an integral part of the financial statements.

GREENLAND TOWNSHIP
MAJOR GOVERNMENTAL FUND
GENERAL FUND
DETAIL OF EXPENDITURES AND COMPARISON WITH BUDGET
Year ended March 31, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Assessor:				
Salaries			7,392	
Office supplies			788	
Transportation			49	
TOTAL ASSESSOR	9,127	8,799	8,229	570
Clerk:				
Salary			5,700	
Deputy wages			804	
Office supplies			207	
Dues and memberships			75	
TOTAL CLERK	11,800	7,057	6,786	271
BOARD OF REVIEW	600	421	403	18
Treasurer:				
Salary			8,100	
Deputy wages			1,344	
Office supplies			807	
Contractual services			3,445	
Dues and memberships			75	
Miscellaneous			102	
TOTAL TREASURER	18,184	15,923	13,873	2,050
Cemetery:				
Wages			1,976	
Operating supplies			233	
Contractual services			1,365	
Repairs and maintenance			5,032	
Printing and publishing			136	
TOTAL CEMETERY	4,825	4,503	8,742	(4,239)

The accompanying notes are an integral part of the financial statements

GREENLAND TOWNSHIP
MAJOR GOVERNMENTAL FUND
GENERAL FUND
DETAIL OF EXPENDITURES AND COMPARISON WITH BUDGET

Year ended March 31, 2008				
	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Township Properties:				
Wages			12,818	
Supplies			662	
Contractual costs			2,826	
Communications			43	
Printing and publishing			200	
Repairs and maintenance			5,075	
Utilities			30,173	
	71,200	70,212	51,797	18,415
TOTAL GENERAL GOVERNMENT	\$126,086	\$118,169	\$99,861	\$18,308
PUBLIC SAFETY				
Fire Protection:				
Wages			4,551	
Operating supplies			3,966	
Contractual services			2,414	
Communications			923	
Printing and publishing			220	
Utilities			3,333	
Repairs and maintenance			2,049	
TOTAL FIRE PROTECTION	23,000	23,000	17,456	5,544
LIQUOR ENFORCEMENT			1,320	(1,320)
INSPECTION & ZONING	3,380	1,450	1,150	300
TOTAL PUBLIC SAFETY	\$26,380	\$24,450	\$19,926	\$4,524

The accompanying notes are an integral part of the financial statements.

GREENLAND TOWNSHIP
MAJOR GOVERNMENTAL FUND
GENERAL FUND
DETAIL OF EXPENDITURES AND COMPARISON WITH BUDGET

Year ended March 31, 2008				
<u>BUDGETED AMOUNTS</u>				
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
PUBLIC WORKS				
Street & Roads				
Road improvements	33,430	51,836		51,836
Street lights	11,500	12,200	11,385	815
TOTAL PUBLIC WORKS	\$44,930	\$64,036	\$11,385	\$52,651
 RECREATION & CULTURE				
 TOTAL PARKS	\$10,454	\$	\$	\$
 OTHER				
Payroll taxes		4,225	2,297	1,928
Insurance	19,000	18,555	16,204	2,351
TOTAL OTHER	\$19,000	\$22,780	\$18,501	\$4,279
 CAPITAL OUTLAY		\$10,375	\$28,492	(\$18,117)
 TOTAL EXPENDITURES	\$240,350	\$254,042	\$192,343	\$61,699

The accompanying notes are an integral part of the financial statements.

GREENLAND TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
MAJOR FUND
FIRE FUND

Year ended March 31, 2008 Special Revenue Fund				
	<u>BUDGETED AMOUNTS</u>			
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Revenues:				
Property tax revenues	\$21,000	\$21,000	\$17,879	(\$3,121)
Donations			37,450	37,450
Interest income			2,717	2,717
	21,000	21,000	58,046	37,046
Expenditures:				
Contract costs	2,781	2,781	329	2,452
Supplies	16,361	16,361	3,451	12,910
	19,142	19,142	3,780	15,362
Excess of Revenues over (under) Expenditures	1,858	1,858	54,266	52,408
Other Financing Sources (Uses):				
Transfers from other funds				
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	1,858	1,858	54,266	52,408
Fund Balance 3/31/2007	55,386	55,386	55,386	
FUND BALANCE 3/31/2008	\$57,244	\$57,244	\$109,652	\$52,408

The accompanying notes are an integral part of the financial statements.

Roger J. Kolehmainen PC CPA
1445 East Cloverland Drive
Ironwood, MI 49938
(906) 906-3600

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS*

Supervisor and Members of the Board
Greenland Township
Mass City, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Greenland Township as of and for the year ended March 31, 2008, which collectively comprise the Greenland Township's basic financial statements and have issued our report thereon dated September 5, 2008. We conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Greenland Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Greenland Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Greenland Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Greenland Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally

accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Greenland Township's financial statements will not be prevented or detected by Greenland Township's internal control. We consider the deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Greenland Township's internal control.


Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described in the Schedule of Findings, we consider items 2005-1, 2005-2, 2005-03, 2006-01 and 227-01 to be a material weakness.

Compliance

As part of obtaining reasonable assurance about whether Greenland Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance that is required to be reported under *Government Auditing Standards*.

This report is intended solely for the use of management and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Members of the Board, is a matter of public record.

September 5, 2008


Roger J. Kolehmainen PC
Certified Public Accountant

SCHEDULE OF FINDINGS GREENLAND TOWNSHIP

Year ended March 31, 2008

2005-1 Property Ledger

The Township has not implemented physical inventorying procedures in assuring the accuracy of assets being reported upon besides smaller capital items acquired in prior years. The Township lacks a formal, updated, comprehensive listing of all assets owned by the Township.

Without performing a physical inventory, the Township has no assurances as their actual holdings or if they are adequately insured against various types of losses.

2005-2 Fire Department Bank Accounts

The Township's Fire Department provided all their financial information for inclusion in the Township's annual audit. Our review of the various cash accounts and investments identified that the Township's federal identification number was not utilized besides not adding the Township's Treasurer to the various accounts.

We would recommend that the Fire Department surrender the cash accounts and investments to the Township Board for oversight. Also, now that the monies have been recognized as part of the Fire Fund, the monies could be utilized to defray the construction costs associated with the new fire hall. The Fire Department should be instructed that the monies are now being accounted as part of the Township's holdings, the Township's budgetary process should be abided by.

2005-03 Incomplete Accounting Records

The Township Clerk Office did not maintain complete and accurate set of general ledgers for all funds in allowing for an expedient audit. Our review noted various bank accounts were not posted to the correct fund in accordance with the prior year audit report.

The Township Clerk should establish and maintain separate funds as required. Adjusting journal entries should be incorporated into the accounting records in allowing for the maintenance of updated and accurate general ledgers according to fund.

2006-01 Weaknesses Noted in the Operations of Downtown Development Authority

Our review of the Downtown Development Authorities operations and records identified various deficiencies in their operations. Our review identified the following items:

- Board Minutes are not being maintained in a bound minute book and signed upon acceptance.

- Not all Board Minutes were available for review.
- Appears that meeting times are not established in advance to allow for adequate notice to the general public. There appears to be no established meeting dates and times.
- The DDA Board awarded loans to individual or companies without having any established written guidelines as to lending practices, terms, limits on loan amounts, amount leveraged, etc.
- There was no documented evidence provided such as formal applications; credit reports; title searches on property being offered for security; business plans and evaluations; personal guarantees, if applicable. The names on the one of the two loans awarded did not match the loan request on file. One loan request was made by individuals, whereas, the loans papers were drafted under an incorporated business name.
- Loans awarded for business purposes were to be secured by real estate mortgage notes. There was no evidence of the mortgage notes were recorded.

We would encourage the DDA Board record the mortgage notes as executed and to determine if they have priority should a default occur. We would recommend that guidelines and policies be developed in allowing for equitable treatment of all loan applicants.

2007-01 Need to Provide Oversight on Sewer Fund Operations

The Township Board hired a sewer administrator to posts accounting records and issue billings to the various utility customers. Collections are received by the Township Treasurer, recorded, and deposited. The detailed collection records were provided to the sewer administrator for posting of customer accounts.

Our review of the sewer operations noted that no Township Board member oversees the billing and accounting practices. Copies of the quarterly billings were not being retained on file besides the appearance of any supervisory review of billings prior to issuance

We would encourage that billings be reviewed by another authorized representative for accuracy prior to being issued. All billings should be accomplished on a established time frame with copies retained on file. Should adjustments be made, appropriate reviews and authorizations should be documented. Quarterly financial reports at a minimum, should be provided to the Township Board for review and acceptance.

2007-02 Unsupported Expenditures

In reviewing selective payments for adequate support, it was noted that various paid invoices could not be located. While the payments appear to be properly classified, all payments issued to vendors should have appropriate documentation attached with evidence of payment.

We would encourage that all invoices be present and approved by the Board, prior to issuing payments.

07-3 Ability to Prepare Financial Statements and Related Note Disclosures

Like entities of similar size, limited financial summaries and abbreviated financial statements are made available for the Supervisor and Members of the Board. The Township relies on its auditors to draft its financial statements and related disclosures in accordance with generally accepted accounting principles. Supervisor and Members of the Board review and accept the financial statements on behalf of the Township. The hiring of additional personnel to prepare the financial statements would not be cost effective. Members of the Board should remain involved in the financial statement process to provide an oversight and independent review functions.

The Township plans to continue use the auditor's assistance in drafting its financial statements and related note disclosures besides remaining involved in the financial reporting process.